



UNIVERSITÄT LEIPZIG

Master Thesis

From Image to Brand: Marketing Policy of the City of Vienna

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Academic degree aspired

Master (MA)

Wien, 2010

Studienkennzahl :
Studienrichtung::

Supervisor:

A 067 805
Individuelles Masterstudium:
Global Studies – a European Perspective
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Abstract

Today, city marketing becomes a widely accepted phenomenon of the contemporary urban development. The practice of city marketing has evolved in response to the increased inter-city competition for the intellectual elite, residents, tourists, investors, entrepreneurs and the like. It is based on the understanding of a city as a commercial product which can be sold and bought as any other commodity. Cities employ marketing techniques to turn their urban image, historical past, cultural heritage, unique lifestyle and atmosphere into easily recognizable brands worldwide. This study focuses on the field of city marketing and city branding and explores in-depth the relevant policy and strategies pursued by the City of Vienna in this respect.

Kurze Zusammenfassung

Stadtmarketing gilt als ein weitgehend akzeptiertes Phänomen der gegenwärtigen Städteplanung. Dessen Anwendung entwickelte sich in Erwiderung des zunehmenden innerstädtischen Wettbewerbes zwischen der geistigen Elite, Bewohnern, Touristen, Investoren, Unternehmern und dergleichen. Das Prinzip des Stadtmarketing basiert auf dem Verständnis einer Stadt als ein kommerzielles Produkt welches verkauft und gekauft werden kann, ebenso wie jedes andere Gut. Städte verwenden Marketingtechniken um deren Darstellung, historische Vergangenheit, kulturelles Erbe, einzigartiges Lebensart und Atmosphäre in einfache wieder erkennbare Marken umzuwandeln. Diese Studie beschäftigt sich mit dem Fachgebiet des Stadtmarketing sowie der Stadt-Markenpolitik, wobei die einschlägige Verfahrensweise und Strategien der Stadt Wien ausführlich untersucht werden.

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“In Vienna, people drink wine for breakfast, waltz all afternoon and go to the opera every evening. The elegant facades are scrubbed and the streets washed daily. Good looking young men and women sun themselves nude on the banks of the Danube by the tens of thousands in summer. The squares are full of horse-driven carriages, violin virtuosos play on street corners, and caf  s murmur with the sound of intellectual discussions on human existence and the best way to make Wiener schnitzel. The terrifying thing about this universal impression is that it is true. Almost every bit of it”

(Ramesh Kumar “Vienna: A City Consumes”)

Introduction

Today more and more people prefer cities and urban areas to villages and farms in the countryside in search of new job, study and business opportunities, and modern life-style. As a result, urban areas across the world keep expanding. Urbanization, as a process, has been showing exponential growth since the end of the 19th century. The United Nations estimated that half of the world's population would live in urban areas by the end of 2008. Nowadays over 50% of the world's population lives in the cities; by 2030, this figure is expected to reach 60% (Merk 2008: 64). Thus, for the first time in history more humans live in urban centres than in rural areas, and as never before cities find themselves under development pressure.

With the advancement in urban technologies the size of an average city grows, just as do the opportunities and prospects it can offer. As Biswas (2000) notes:

“The new technologies are concentrating power and action in cities <...> Civil society is developing and connecting here, conflicts and cooperations are being shifted onto planes and dimensions that were unheard of before. <...> The metropolis is regaining the predominance that is lost to the nation-state in the nineteenth century”.

Due to the intensified processes of globalization, and in case of Europe also Europeanization, cities have found themselves in a strong competition with each other (Pöckl, Hagspiel and Kuffer 2003: 87). World's leading cities are faced with increasing rivalry on a global scale; they have to vie with each other for new residents, tourists, resources, foreign direct

investment etc. fiercer than ever before. Globalization has given more freedom to city dwellers too: they can choose where to live and work. We are also witnessing a change in tourism patterns these days: while in the past travelling used to provide escape from cities to various idylls of nature, today, on the contrary, city tourism is experiencing its boom.

At the same time the difference between leading global cities is diminishing. They have to compete within the same market for the same or similar target groups. The tools at their disposal are largely the same as well. Therefore, those who want to succeed have to position themselves well on the global market by developing unique identities which are original and inimitable. Florian (2002: 20) predicts that

“anyone who wants to remain visible in the Global Village will need to offer a unique proposition; a unique experience, a range of experiences distinguishing it from all other cities; a place for experiences that is original, cannot be copied, and which attracts a certain type of people in a certain stage of life to contribute to shaping the identity of the city and further enriching it with their presence and behaviour.”

And although the attraction value of a city is judged differently by each individual, some cities prove to be more popular than others. Often this comes as a result of successful marketing strategies by various city actors: press and information services, tourist boards, chambers of commerce, advertising agencies etc. These actors define

“a form of market-based planning in which city sectors are themed according to what marketers determine are its unique qualities. Surveys, focus-group research and profiling replace traditional urban planning analysis and are used to better understand what consumers desire and what are the essential features of the city or its sectors” (Speaks 2002: 52).

In this environment city marketing has become an increasingly popular practice all over the world. It has quickly developed as a strategy in response to the new economic, political, social, and cultural changes taking place in urban areas across the world. Cities have started to “include more and more marketing techniques and methods in their administration practice and governing philosophy” (Kavaratzis 2004: 58) According to Ashworth and Voogd (1994: 39):

“There is nothing new about places being promoted by those likely to profit from their development. What is new, however, is the conscious application of marketing approaches by public planning agencies not just as an additional instrument for the solution of intractable planning problems but, increasingly, as a philosophy of place management”.

Although promotion of places is a very old practice, the urban marketing as a field of studies and field of research is a relatively new phenomenon. Despite the vast amount of literature on the topic, there is not always a clear understanding of the peculiarities of place marketing and branding among scholars. Nonetheless, city marketing and city branding have become extremely popular and sexy concepts these days. Just a plain Google search for both terms will leave one with around 217000 and 134000 results, respectively (checked on 10 June 2010). And although not all of these results will be relevant for this study, they can give us an idea of various marketing efforts and promotional activities undertaken by numerous cities across the world in order to succeed in the “Global Village”.

Therefore, city marketing and branding can be seen as a crucial part of the cities’ struggle for the place in the sun today. City branding has

become a popular strategy “to provide cities with an image, a cultural significance, which will, ideally, function as a source of added symbolic and thus economic value” (Mommaas 2002: 34). Successful brand increases city’s status and prestige as a top tourist destination, residential or business location.

Chapter 1. Methodology of Research

1.1. Research Objectives

Some cities have proved to be more successful in branding themselves than others. They market their history, cultural heritage, unique lifestyle and atmosphere and turn them into a strong brand. What makes city a strong brand with a specific, clearly identifiable identity?

The main research question posed by this thesis is how a city, with the City of Vienna taken as a prime case study, can market itself successfully. What are the prerequisites and main “ingredients” of an effective city marketing strategy?

The idea of city marketing and city branding comes from an understanding of a city as a commercial product that can be branded, offered to the market and eventually sold as any other commodity. However, this approach imposes certain limitations.

- Can be cities fully compared to and marketed as products? If not, then to what extent? What are the differences?
- If cities are marketed as products, for whom?
- If we accept that the City of Vienna represents already a clear well-defined brand what is the predominant brand image the city leaders desire for it and why?
- What is the understanding of branding theories and practices by the Viennese administration and officials in charge of city promotion?

- What are the specific strategies and actions that the City of Vienna adopts and undertakes to market itself? Are these strategies and actions efficient?

- What are the challenges the city faces today or will face in the near future because of increased competition?

This study attempts to provide some answers to these and similar questions.

1.2. Research methodology

In order to answer the questions outlined as the research objectives of this paper and to understand the communication of a city brand in general, a specific research strategy was adopted. The qualitative research methods were identified as the most appropriate for this study.

Thus, a case study approach was chosen as a main research method, as it allows investigating a certain phenomenon within its real-life context (Yin 2003: 13). Explanatory, as opposed to descriptive, case study was chosen to examine underlying principles of the marketing policy of the City of Vienna. Case study research usually combines a wide range of methods to collect data of various types, e.g. interviews, direct observations, archives (Yin 2003).

The undertaken research consisted of two stages. The first stage involved the collection and analysis of secondary data about city marketing and city branding in general and the City of Vienna and its marketing activities in particular. The secondary data sources included mainly

academic literature but were not limited to it. Thus, other sources of secondary data ranged from the literature published by the city authorities and marketing agencies (development plans, advertising campaigns, brand manuals, position papers) to city rankings (e.g. annual Mercer survey, City Brand Barometer, Global Power City Index etc.). The results obtained from secondary data analysis became a starting point for understanding the general mechanics of city marketing, as well as the marketing context of the City of Vienna, and suggested guidelines for the in-depth interviews conducted in the second phase of the research.

The second stage of this research was the primary data gathering. The in-depth expert interviews became the main source of the primary data. Interviews were chosen as the most appropriate method for the given research, for they helped to see the context within which the City of Vienna pursues its marketing strategy, as well as to understand deeper the goals and aims of that strategy.

Six people in key positions were contacted for the in-depth expert interviews. The chosen interviewees included a CEO of the main event agency of the City of Vienna, two experts from the Vienna Tourist Board, a CEO of the Office for International Strategy and Coordination of the City of Vienna, a CEO of the Vienna Economic Chamber and an expert from the PR agency. Thus the informants selected for this study are either directly involved in the international marketing and branding strategy of the City of Vienna and its implementation or are experts in the field of PR and city advertising. The semi-structured interviews with open-ended questions

ensured flexibility of the discussion and allowed interviewees to develop their line of argumentation and subtopics. The questions asked covered the area of expertise of the participants, their job duties and explored their perception of city branding theories, especially in the context of Vienna.

Chapter 2. Theoretical Framework

2.1. From Place Branding to City Branding

It is hard to say when marketing as a strategy started to be applied first to places and then consequently to cities. Presumably it was practiced already in the nineteenth century. Over the last three decades when the competition between cities increased, methods of marketing became an important tool used by cities to attract new residents, inward investments and tourism revenues. In the 1990s place branding as a separate branch of marketing was introduced in order to make cities, regions and whole nations recognizable and distinguishable from competitors (Twitchell 2005).

However, according to Axel Zuschmann who works in the field of PR, in the case of Vienna it was already an ongoing process for the last few decades. In the 1980s there came a clear understanding of the fact that the city needed a brand to be recognized. And the foundations for corporate design and corporate identity of the city were laid down with the unified logo and slogan “Wien ist anders” (“Vienna is different”) for all the city departments about twelve years ago (Interview with A. Zuschmann, Vienna, 13.7.2010, transcript held by the author).

Metaphorically speaking, place branding can be compared to story telling and places, accordingly, to stories to tell. J. Sircus (2001: 127) remarks that

“like novels, real world places must know their audience before the story is written. It’s common sense taken to the level of brand marketing. Every place is potentially a brand. In every way as much as Disneyland and Las Vegas, cities like Paris,

Edinburgh, and New York are their own brands, because a consistent, clear image has emerged of what each place looks like, feels like, and the story of history it conveys”.

Sircus (2001: 128) acknowledges that to a certain extent all places are invented but “the successful ones are characterized by planning, building design and programme that is clearly integrated with story”. Thus, a specific strategy is needed for the story to be convincing. And here city marketing proves to be beneficial. Today city marketing is a well-established practice widely applied by cities around the world. In order to be successful city marketing should be planned and implemented over a substantial period of time, as it is a long-term process which is usually based on four main steps (Ashworth and Voogd 1990):

- 1) careful analysis of the city’s current reality, i.e. city’s opportunities, assets, unique selling propositions, audiences, stakeholders etc.;
- 2) choice of a specific vision for the city and goals that need to be achieved;
- 3) drafting certain projects and marketing measures to achieve these goals and distributing the roles to the parties concerned;
- 4) implementing city marketing measures defined earlier.

Any branded product possesses a brand identity or a brand personality which differentiates it from other products. City as a brand is no exception to this scheme and we can treat it as a certain type of a brandable product. As a result, city marketing takes advantage of typical techniques used in enterprise marketing, such as swot analysis, targeting and

positioning, market segmentation, benchmarking, and applies them to a given urban context and urban reality.

According to P. Kotler (1999) and M. Vermeulen (2002), branding provides a good starting point for city marketing, as well as a solid theoretical and practical framework for managing the city's image. The basic notions of the theory of product branding, such as brand identity (how the owners want the brand to be perceived by customers), brand positioning (or consumer's reason to prefer this particular brand to others available on the market) and brand image (how the brand is perceived), can be applied to places. Thus, place branding is just an application of product branding to places. Branding helps to establish a strong distinctive identity for a product. And this is what city marketing aims to do for cities.

If places and more broadly speaking cities can be viewed as distinctive products, place branding is a distinctive form of product branding (Kavaratzis 2008: 62). Kavaratzis and Ashworth (2005: 2) define city branding as "an approach that centres on the conceptualization of the city as a brand" where brand is "a multidimensional construct, consisting of functional, emotional, relational and strategic elements that collectively generate a unique set of associations in the public mind".

However, what are the limitations of such approach? After all cities are not merely products to sell to consumers, be it local residents, tourists or potential investors. Places are much more complex entities, they deal with "their past, their cultural identity and historical backgrounds, and at the

same time with their present, while they are striving to gain a cosmopolitan character that nowadays they cannot do without” (Rizzi and Dioli 2010: 41).

Although places may seem too complex to be treated and branded like products, place branding has been a widely applied practice for decades now since cities started to compete for tourists, population, prestige, wealth, power, and trade.

What are the difficulties that arise when managing such complex brand as a city? One of the main challenges is the fact that city marketers have to deal with a diverse array of target audiences and stakeholders. However, various scholars dealing with the topic, as well as the interview partners consulted for this research stress the importance of city residents, or in other words, local population.

City branding is a complex phenomenon which requires a substantial change of perspective on the whole marketing process and marketing efforts. It is understood as a means “both for achieving competitive advantage in order to increase inward investment and tourism, and also for achieving community development, reinforcing local identity and identification of the citizens with their city and activating all social forces to avoid social exclusion and unrest” (Kavaratzis 2004: 70).

When it comes to city branding measures and tactics, there are three main strategies to be employed by city marketers: “personality branding” (e.g. Antoni Gaudi in Barcelona), “flagship construction” (e.g. Centre Pompidou in Paris) or “events branding” (e.g. Vienna Wine Prize). As the following chapters will explore in detail, above all the City of Vienna makes

use of “personality branding” with Empress Elisabeth (Sisi), Mozart, Mahler, Strauss, and “events branding” with Vienna Ice Dream, Vienna Film Festival on the Rathausplatz, or the Vienna Festival Weeks among many others.

2.2. Peculiarities of City Branding: Corporate Branding and Marketing Mix

Brand is a multidimensional construct, as it is composed of functional, strategic, relational, and emotional elements. As a city presents a complex phenomenon where various physical, spatial, emotional, economic and cultural processes overlap and intermingle, any city brand operates as an umbrella brand covering a variety of target audiences, actors and stakeholders. Taking into account the complexity of a city brand, we can compare it to a corporate brand. Corporate branding and corporate-level marketing developed with time from traditional product branding. The main idea of corporate branding is that the organization is branded as a whole instead of branding separate products. Each product gets the benefits of belonging to the united corporate brand. The advantage of such brands is that they are attached to “more universal values, such as social responsibility, environmental care, sustainability, progressiveness, innovation, trust quality etc” (Kavaratzis 2008: 60). Due to its ambiguity a place brand is treated as an entity of place-products which are united by a corporate image, identity and communications strategy. All this ensures the consistency of the message sent to the “consumers” of the city. A strong city

brand, as a strong corporate brand, encompasses vision, culture and image coordinated together.

City marketers and branders, just as regular product marketers, exploit a set of instruments and activities available to them which they combine into a marketing programme or marketing strategy. This set of measures put together composes the so-called “marketing mix”. The core elements of the marketing mix framework are the “Four P’s”: Product, Price, Place (Distribution) and Promotion. Thus, in case of city marketing we deal with “product city”, its promotion, distribution (how customers get to the city) and prices (for accommodation, restaurants, entertainment etc.). The Four P’s are linked with advertising strategies which help strengthen the city image (Heinz 2007: 235). The role of image will be examined in detail later on in this chapter.

In today’s globalized world the fact of being unique is the key to success. Distinctive characteristics that a city possesses, e.g. its architectural landmarks, local events and traditional festivities, help to define its Unique Selling Propositions or Points, on the basis of which city marketers can create a brand that would be highly recognizable and distinguishable from others. The unique selling proposition is another concept of traditional marketing that is widely accepted and used in the theory of city marketing these days. Generally speaking, it may refer to any aspect of the product which differentiates it from another product. The unique selling points of cities are their trump cards and city marketing strategies are often built around them. At the same time they pose a potential treat to the city image

building if they are highlighted too much and become grotesque. As Michael Speaks (2002: 50) puts it quoting Koolhaas, “Paris can only become more Parisian – it is already on its way to becoming hyper - Paris, a polished caricature”.

At the same time cities are living entities and they acquire their form and meaning in peoples’ minds. People, be it city dwellers or tourists, encounter and understand the city through their own perceptions of the city imagery. Kavaratzis (2008: 10) assumes that

“the best way to attempt to influence peoples’ perceptions and images about cities is the same way that businesses have been successfully attempting for their products and services, namely branding. In other words, we should manage cities in the same way we manage other brands, because branding deals with such mental images or mental maps. City branding centres on people’s perceptions and images and puts them in the heart of orchestrated activities, designed to shape the city and its future”.

Of course, the mental map of the city, its mental image will be different with a city dweller who has been living in a place for 30 years or with a tourist coming for a weekend. However, in both cases emotional connection to the city will be important. Branding attempts to create these emotional, mental, and psychological links. That is why the experts interviewed for this thesis stressed the importance of the emotions they strive to provoke with their “orchestrated” marketing activities.

Successful city branding leads to a creation of a favourable city image or changing of an already existing image, as for instance, it happens with rebranding traditionally industrial cities into new centres of arts and culture. Quite often city marketers do not go beyond traditional branding campaigns built around the development of a catchy slogan and/or creating

new logo design and advertising line in their branding efforts. However, such big and well established tourist destinations as London, Paris, or Barcelona go further. Vienna is no exception here. Kavaratzis (2008: 11) lists three main strategies for creating a favourable city image:

- promotional campaigns and visual identity tactics;
- creation of new landmark buildings and integrating the existing ones into the city landscape;
- event management.

As the following chapters will explore, the City of Vienna uses, to a different extent, all the above-mentioned strategies in its promotional work.

Branding activities start with planning of what type of a brand or, in other words, image the city would like to create for itself, what emotions it would like to stir. For this purpose traditional marketing tools are used: expert talks, various rankings, questionnaires, polls and surveys. They help to reveal expectations of the potential target groups, as well as see better brand potentials and brand values.

2.3. Image vs. Brand

As it was already stated above, one encounters and comprehends the urban environment through perceptions and images. Kampschulte (1999: 36) defines the image of a city as “the link between real, objective space and perception”. Kavaratzis (2008: 35), in his turn, assumes that “the object of city marketing is not the city “itself”, but its image. An image, which is the result of various and often conflicting messages sent by the city and which

is formed in the mind of each individual receiver of these messages separately". Consequently, construction, communication and management of this image become central to city marketing activities (Kavaratzis and Ashworth 2005: 507). Hubbard and Hall (1998: 8) point out that "the manipulation of city images, cultures and experiences has become the most important part of the political armoury of urban governors and their coalition partners in the entrepreneurial era". Cova (1996: 20) suggests that "the job of post-modern marketing is to identify the cultural meanings and images that are intended for the product". If we consider city to be a particular type of product we can assume that the job of post-modern city marketing is to find the right images for the city in question.

What is the correlation between image and brand then? Kavaratzis (2004: 66) remarks that "if it is the city's image that needs to be planned, managed and marketed, then city branding would be the right theoretical and practical approach".

Image marketing and brand management are closely related. In the core of a strong city brand there is always a memorable city image. And this image is produced and delivered intentionally. Where does this image come from? Cities transform their intrinsic qualities into a sustainable image which is then consequently enhanced by the marketing mix available to city branders. This image "originates only in part from a physical reality and is based primarily on well-worn prejudices, desires and memories" (Vermeulen 2002: 12).

At the same time to be powerful the image has to be carefully planned. Image becomes the object of city marketing activities. Image formulation and image communications activities play an essential role within the city marketing mix (Kavaratzis 2004: 62-63). Successful image management requires constant monitoring of how target audiences perceive the place, what factors influence it and what possible changes can occur to it in the future. Among various actions, city image marketing mix includes:

- branding activities;
- improved dissemination of information among target audiences and stakeholders;
- efficient media policies;
- hosting of sporting and cultural events;
- landmarks (re)development projects;
- investments into urban design and public spaces.

Image can be also viewed as the first step on the way to brand creation. This means that a strong memorable image has a potential to develop with time into a brand. Today we talk about Paris, London, New York, Barcelona or Vienna as independent brands with their own brand value.

2.4. City Identity

The concept of a city brand is linked to the notion of a city distinctive identity. In a broad sense identity of something refers “to a persistent sameness and unity which allows that thing to be differentiated from others” (Relph 2007: 103-104). Lynch (1960: 6) defines identity of a place as “that which provides its individuality or distinction from other places and serves as the basis for its recognition as a separable entity”.

Physical appearance of a place, as well as its activities and meanings are the three main elements of a place identity. However, location itself and its physical characteristics do not create identity per se, it is rather our perception and interpretation of the location in our mind that fill it with meaning (Merk 2008: 66). Identity means

“less an “image” to be produced than the sum total of qualities, orientations and values linked with the local requirements and traditions. Identity is a protracted process, taking place day by day between people and their societal and spatial environment. <...> Identity of a place constitutes itself on everyday routes, at everyday places. Integral parts of it are both a local, dense, protected network of foot-paths and cycle tracks and good connexions with the system of short-distance public transport” (Amann et al. 1993: 59).

With the exception of rebranding activities aimed at creating a new image and, as a result, a new identity, identity of a place is not a very flexible concept. The task of city branders is to ensure that the existing city identity is strong and powerful enough for the target group to identify easily with it (Speaks 2002: 52). Although the identity of places may take many forms, “it is always the very basis of our experience of this place as opposed to any other” (Relph 2007: 107).

What is the link between image and identity? Both are the sides of the same coin and should be taken into account when adopting and pursuing a city marketing strategy. Strengthening image of a city consequently reinforces its identity.

2.5. Role of Culture

What is crucial for the formation of a clear city image? How can be the identity of a place or “spirit of place”, its genius loci, created? The majority of scholars agree that one of the current trends is “the growing importance of the cultural, leisure and entertainment industries within the contemporary economy, as much for tourists and other visitors, as for the local population” (Kavaratzis and Ashworth 2006: 3) According to Kavaratzis (2005: 3), culture or entertainment branding appears to be a result of three distinctive trends:

“The first is the importance of the image of the city for city branding and its power to influence even the shaping of the city itself. The second is the heavy dependence of the city’s brand on the city’s identity. On the other side is the influence of tourism; particularly its broad effects on economic development”.

It should be noted that the first two are the major elements connecting city branding to culture. Culture refines and stresses the city’s image and that explains its wide use in place promotion. In the form of architecture, cultural events, urban legends and history it becomes a tool for city promotion campaigns. As Kunzmann (2004: 387) puts it:

“In times of globalization local identity has become a key concern and the arts are, apart from landscape features, the only local asset to display such difference <...> the cultural content remains the last bastion of local identity”.

In the future of cities the role of culture is expected only to grow (see e.g. Zukin 2004).

Chapter 3. The Art of City Marketing: Case Study of Vienna

3.1. City Profile: Vienna

3.1.1. Geographical location

Vienna is the capital of the Republic of Austria and is one of the nine states of Austria. It is situated on the banks of the Danube and enjoys a very favorable geographical position in the heart of the European continent. Thus the borders of several other countries are within easy reach. Slovakia is only 40 km away to the east of Vienna; Hungary and Czech Republic are about 50 km away. The air line distance to the Adriatic Sea is about 350 km, to the Baltic Sea – 620 km, to the North Sea – 820 km, to the Aegean Sea – 1000 km and to the Black Sea – less than 1100 km. (Metropolitan region Vienna 2000: 5).

The City of Vienna is a modern metropolis with a population of about 1.7 million people in the city proper and 2.3 million within the metropolitan area. In terms of population it is the 9th biggest city in the European Union. However, if evaluated by the historical importance, cultural heritage and the quality of life it is ahead of many larger cities. As Heinz (2007: 13) notes, “it is the specific image of Vienna which allows it to be seen as more important than it really is”.

3.1.2. Historical Evolution and Current Geo-Political Position

The origins of the City of Vienna can be traced back to the Celtic settlement founded around 500 BC. The present city, however, grew from the Roman military camp of Vindabona started on the base of this settlement around 15 BC. Thus, Vienna is more than 2000 years old. Due to its geographical position several transcontinental trade routes (e.g. the route from northern Europe to the Adriatic Sea through the Alps and from central Europe to southeastern Europe along the Danube) crossed in Vienna and since the early Middle Ages the city served as a center of European trade.

In 1440 Vienna became the main residence of the Habsburg Dynasty and with time developed into the capital of the Holy Roman Empire. The city's real economic and political breakthrough happened after it withstood two sieges of the Ottoman troops in 1529 and 1683. (Heinz 2007: 16). After the second siege the city was significantly rebuilt and expanded. The baroque buildings that are part and parcel of the present image of Vienna were constructed in that period.

In 1804 Vienna became the capital of the Austrian Empire. The Congress of Vienna which the city hosted in 1814 stressed its significant role in European and world politics. From 1848 to 1914 the city experienced the important period of growth. Following the Austro-Hungarian Compromise of 1867 Vienna became the capital of the Austro-Hungarian Empire which included the territories of present Austria, Croatia, Czech Republic, Hungary, Slovenia and parts of Italy, Poland and Romania. As Hatz (2008: 311) justly remarks: “the cultural and financial capital of this

large empire was concentrated in Vienna and resulted in the construction of numerous representative buildings that provide important landmarks of the unique character of the present-day city”. Thus the “added values” of the City of Vienna, which it markets so successfully today, date back to that period.

The inner wall and bastions surrounding the historic city center were demolished by 1860 and the Ringstrasse laid in its place gradually developed into a magnificent boulevard with the ministries, museums, parliament, opera house and university built along it. As a result of the First World War, the City of Vienna was no longer the capital and the hub of the great Austro-Hungarian Empire. After the reorganization of the Empire the city became the capital of the First Austrian Republic, a small country with the population of 6 million people. In 1922 Vienna was separated from Lower Austria becoming a federal state of its own.

The Second World War led to the creation of the Iron Curtain with the City of Vienna being left on the eastern edge of the Western political zone. This impeded greatly the further development of the city and provoked continuous outflow of the local population and workforce, as well as stagnation and suburbanization processes.

The fall of the Iron Curtain in 1989-1990 dramatically changed the state of affairs. Vienna found itself in the centre of the European nexus and the position on the previously “dead” border opened new horizons for the development of the city. In 1995 Austria joined the European Union and Vienna became “a major hub and gateway city for emerging economies of

the Eastern European Countries” which resulted in the significant influx of the foreign direct investment into the city (Hatz 2008: 311). The Great Enlargement of the EU in 2004 with the accession of Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, and the subsequent joining of Bulgaria in 2007 positioned Vienna in the centre of new Europe. Political and economic importance of the city has risen tremendously. Vienna has now become a “gateway” to Eastern and Central Europe (CEE).

Being a “bridge” to the CEE region, Vienna offers today’s investors unique conditions and historically developed contacts for this area of the common European market. Many international companies choose Vienna as their headquarters. According to the statistics of the Vienna Economic Chamber, more than 300 international companies have their international headquarters based in Vienna (Interview with Dr. H. Naumann, Vienna, 12.07.2010, transcript held by the author).

The city has also become a seat of many important international organizations. Thus, the International Atomic Energy Agency (IAEA) was the first one to come to Vienna already back in 1957. In 1979 Vienna became the third at that time office complex of the United Nations in the world. The Vienna International Center (VIC), commonly known as “UNO City”, gathered in one place the headquarters of UNOV, UNODC, UNIDO, CTBTO PrepCom, UNOOSA, and UNCITRAL, as well as offices of ICPDR, INCB, UNEP, UNHCR, UNIS, OIOS, UNPA, UNRoD, and

UNSCEAR. Today Vienna is one of the four UN headquarters in the world alongside with New York, Geneva and Nairobi.

According to the official website of the United Nations Information Service, more than 4000 employees from over a 110 countries work for the UNOV and its constituent agencies in Vienna. The presence of international organizations in the city generates an economic benefit of more than 400 million euro annually.

Besides the UN entities, the Organization of Petroleum Exporting Countries (OPEC), and the Organization for Security and Co-operation in Europe (OSCE), there are roughly 76 international NGOs that are currently based in Vienna. The city itself is a member of various national and international networks: EUROCITIES, League of Historical Cities (LHC), Union of Central and South-Eastern European Capitals, Union of Capitals of the European Union (UCEU), Organization of World Heritage Cities (OWHC), and Assembly of European Regions (AER). Therefore, the reputation of Vienna as an internationally important political center is undisputed now.

3.2. Key Actors of Vienna City Marketing

B. Czarniawska (2003: 15) observes:

“As image of a city depends on both identity and alterity construction and has many constructors: politicians and officials, tourists and citizens, writers and filmmakers, architects and media people. It is impossible to show the whole of it, even in a fleeting moment, but it is possible to show fragments of its continuous construction”

Thus, taking into account the multitude of actors and an impressive array of marketing and branding techniques and practices they use, this research aims to provide a thorough but still only an overview of all the marketing tools employed by the City of Vienna. Before embarking directly upon the marketing strategy of the City of Vienna, it seems reasonable to give a brief account of the major “players” acting in this field. The representatives of these bodies are also the experts interviewed for this research.

3.2.1. Vienna Tourist Board*

The Vienna Tourist Board is definitely among the key players of the city branding and promotion. It is the official destination marketing agency for the tourism sector of the City of Vienna established in 1955 under public law as directed by the Vienna Tourist Support Law. The Vienna Tourist Board acts on the principle of subsidiarity and is a non-profit organization. It is financed from three chief sources: local taxes taken in by hotels in Vienna, the general city budget and its own revenues. The Vienna Tourist Board’s budget for 2009 totalled 27.1 million euro and the budget of 23.7

* From the official website of the Vienna Tourist Board and the interview with Martha Auer, Brand Management Team, the Vienna Tourist Board (Vienna, 14.7.2010, transcript held by the author).

million was approved for 2010. Approximately half of this sum (47%) comes from a local accommodation tax which amounts to 2.8 % of net hotel room rates under the city's Promotion of Tourism Act. The City of Vienna contributes additional 22%, while the Vienna Economic Chamber provides 2%. The remaining part (29%) comes from the revenues generated by the Board itself.

The internal structure of the Vienna Tourist Board is flexible and is analogous to that of a private enterprise with flat hierarchies (see Appendix A for the Organizational Chart). The Board is managed by a president nominated by the state government of Vienna (currently Renate Brauner, Vice-Mayor of Vienna and Councillor of Finance and Economic Affairs, holds this position since March 2007) and a director of tourism (Norbert Kettner acts as Director since September 2007). The supervisory board, or the Tourism Commission, is comprised of the president, two vice presidents and 15 additional members, mostly assigned by the City of Vienna with the exception of 3 appointed by the Vienna Economic Chamber, the Vienna Chamber of Labour and the Vienna Chamber of Agriculture respectively.

The area of responsibility of the Vienna Tourist Board includes mainly:

- representation of Vienna worldwide (e.g. at trade fairs, roundtables, workshops, study visits etc.);
- support of the Viennese tourist business and their marketing offers;
- media promotion of Vienna and support of journalists writing on the city;
- maintenance and development of a B2C website on Vienna in more

than a dozen languages;

- public relations and information materials together with Wien-Hotels & Info;
- market research and tourism concept development (e.g. Tourist Concept Vienna 2010, Vienna Tourism Concept 2015);
- benchmarking against other cities worldwide.

The workload of the Vienna Tourist Board is distributed among 7 departments:

- 1) Strategic Destination Development (responsible for market and trend research, statistics, forecasts, visitor survey, benchmarking, international contacts with other tourism organizations and local policy issues);
- 2) Brand Management and Advertising (develops the Vienna brand and the Tourism Board's corporate identity through advertising and classical promotional work);
- 3) Corporate Public Relations (informs the general public about the work of the Board, raises awareness of the tourist industry among private and public institutions);
- 4) Content Management and Production (provides the Board with the information about Vienna's tourism offerings, maintains B2C activities, finds partners for advertising campaigns and distributes the Board's advertising materials worldwide);
- 5) Market and Media Management (consists of four market teams which plan and carry out marketing activities in target and potential

markets, take care of press conferences, presentations, workshops, trade fairs and study trips);

- 6) Convention Bureau (the Vienna Tourist Board's congress office);
- 7) Visitor Services, Staff and Finance (performs a wide range of tasks varying from providing information to hotel bookings and dealing with complaints).

In addition to these seven departments, the Vienna Tourist Board closely works with the Vienna representative offices in Tokyo, Brussels and Hong Kong established by the Municipality of Vienna and the Vienna Economic Chamber.

3.2.2. Vienna Economic Chamber

The Vienna Economic Chamber positions itself as “the voice of the Viennese enterprises and entrepreneurs” (Interview with Dr. H. Naumann, Vienna, 12.7.2010, transcript held by the author). It is comprised of the Viennese firms and companies and is funded by its members. Being independent from the city administration, the Vienna Economic Chamber shares many common interests with it. This leads to its close cooperation with the city government and subordinate to it bodies, e.g. the Vienna Tourist Board. The main tasks of the Vienna Economic Chamber are to provide service and assistance to its members - Viennese enterprises and businesses - and to inform potential clients and partners, as well as the general public about business location Vienna.

3.2.3. Vienna City Marketing*

Stadt Wien Marketing GmbH, or Vienna City Marketing in English, is a major event agency of the City of Vienna and in many cases also its first contact partner for private event agencies. Vienna City Marketing was founded in 1999 and is 100% owned by the City of Vienna, at the same time being run as a private agency. The reason behind founding a separate event agency was purely economic: Vienna City Marketing enjoys more financial and administrative flexibility when it comes to concluding long-term and, therefore, more lucrative contracts or dealing with sponsors. Its relationship with the city is based on a five-year contract. For each successive five-year period the City of Vienna orders Vienna City Marketing several events: Wiener Eistraum (Vienna Ice Dream), the Film Festival on the Rathausplatz, Silvesterpfad (celebration on New Year's Eve) and Wiener Weinpreis (Vienna Wine Prize). The budget allocated for these events by the city does not cover all the events costs: e.g. the share of the City of Vienna in Wiener Eistraum is only 18-19%; the share of Silvesterpfad is fixed at 900000 euro since 1994 whereas the whole event costs Vienna City Marketing around 2-2.5 million euro today. The rest comes from sponsorship, private partnerships, food stands etc. As a result, these events, although ordered by the City of Vienna, belong to Vienna City Marketing, meaning that the latter is free to decide how big/small the event should

* From the official website of Vienna City Marketing and from the interview with Michael Draxler, CEO of Vienna City Marketing (Vienna, 5.7.2010, transcript held by the author).

be and how much should be invested in it each year. The budget at the disposal of Vienna City Marketing gives the agency an opportunity to create either new event formats or the fifth big event, the so- called “Themenjahr” (theme year). In addition to these four events (sometimes five together with “Themenjahr”), which are ordered by the City of Vienna and owned by Vienna City Marketing, the agency may take orders from various city departments and/or separate districts. In this case Vienna City Marketing usually operates exclusively as a producing agency. All in all, it currently organizes about 40-60 projects per year which equals to 90-200 events per year* with a 3 million visitor turnover annually. The target group for the majority of the events produced by Vienna City Marketing is the local population. Consequently, the agency is in charge of advertising its events only within the city limits. Even Lower Austria, saying nothing about international promotion, is in competence of the Tourist Board.

* The difference in numbers of projects and events can be explained with the examples of the Film Festival and Park Festivals. The former is one project and one event taking place on the Rathausplatz for 65 days. The latter is one project with a number of small events organized in all 23 districts of the City of Vienna.

3.2.4. Office for International Strategy and Coordination*

The Office for International Strategy and Coordination was established in 2009 to streamline the international activities of the City of Vienna and coordinate centrally the international work with its internal and external partners. The Office positions itself as a strategic unit within the city government structure.

Its main tasks include:

- research work (i.e. monitoring international media, searching for potential partners on the international arena, following economic and political trends etc.);
- giving recommendations to the City of Vienna on setting geographical priorities and economic goals on the basis of the conducted research;
- serving, on the one hand, as a desk system for the CEE region and overseas markets and, on the other hand, being a contact point for the City of Vienna and its subsidiary companies;
- organizing main international activities of the City of Vienna (e.g. tourism and business promotion, expert talks in the fields of economics, culture and education);
- providing a networking point for Vienna's urban technologies and strategies;

* From the official website of the Office for International Strategy and Coordination and the interview with Andreas Launer, CEO of the Office (Vienna, 7.7.2010, manuscript held by the author).

- consulting public institutions, investors and businesses based in Austria and abroad on partnership opportunities in Vienna;
- lobbying for joint projects using the dense network of liaison offices of the City of Vienna.

Chapter 4. From Image to Brand: Tourism Destination Vienna

4.1. Tourist Concept Vienna 2010

In 2003 the Vienna Tourist Board together with the city administration and representatives of the Viennese tourism industry outlined the future development of tourism in Vienna with its “Tourist Concept Vienna 2010”. The new strategy was launched under the motto “dynamics for a successful destination” and was based on strengthening further the quality and attractiveness of Vienna as a top tourist destination. The prime marketing goals set by the Tourist Board at that time were to achieve “not only quality tourism, non-bureaucratic success orientation, fairness to all market partners, an understanding approach towards business, but also consumer protection, an innovative approach with respect to minorities and alternative living styles, ecologic sensibility and transparency”^{*} and could be summarized under a slogan “Optimum instead of Maximum”.

In 2007 the new concept gave birth to a new advertising campaign - “Nostalgia and creativity” which was aimed at highlighting the fruitful coexistence of imperial past with new creative trends in social, cultural and economic life of the city. Speaking in figures, the Tourist Concept Vienna 2010 pursued a goal of reaching the 10 million tourist overnights mark by 2010 generating a turnover of 3.2 billion euro.

The celebration of the 250th anniversary of Mozart’s birth in 2006 and the European Soccer Championship of 2008 provided good

^{*} <http://www.wientourismus.at/en/viennatourism/marketing-goals> (8.10.2010).

opportunities to achieve these goals. The mark of 10 million guests was surpassed already by 2008 and, therefore, in 2009 there came time for a new marketing strategy and the Vienna Tourist Board designed the “Vienna Tourism Concept 2015”.

4.2. Vienna Tourism Concept 2015: “100 and 1 and now”

The drawing up of the Vienna Tourism Concept 2015 was done in a close cooperation with various representatives of the tourism industry and other bodies responsible for selling the Vienna brand, e.g. the Vienna Chamber of Commerce. A comprehensive online opinion survey of about 11000 travelers in key target markets – Germany, Austria, Italy, the USA, Great Britain, Spain, France, Russia, and Japan - and 550 delegates of the city tourism industry formed the basis of the Concept 2015. Roundtable discussions and in-depth interviews with international experts and representatives of the local industry helped build the complete picture. The online survey offered to 11000 travelers aimed to identify the success factors behind the Vienna brand and included both the return visitors and those who have never been to Vienna before. In the Tourism Review for 2009 the Vienna Tourism Board asserts that it was the most comprehensive survey carried out over the last ten years (Tourism Review 2009: 9). Particular attention was paid to the respondents who have never visited the city before.

The findings of the survey revealed that the main reason hindering a larger influx of tourists to Vienna was actually one of the city's assets - "timelessness" of its beauty. The interviewees admitted the city's charm noting, however, that it could be always visited some time later on in life. This "double-edged compliment" of being a timeless destination, as the Vienna Tourist Board puts it, has led to the birth of the main slogan of the Vienna Tourism Concept 2015: "100 and 1 and now" (Tourism Review 2009: 9). This slogan implies the increase in the hotel rooms revenue by 100 million euro and by 1 million bednights compared with 2008. It also refers to the new marketing line in the city advertising program - "here and now". Thus, the motto "100 and 1 and now" sums up the key objectives of the strategic growth of the city tourism industry up to 2015.

The implementation of the Vienna Tourism Concept 2015 started in 2009 and was challenged by the world's financial crisis. The economic crisis put an end to the remarkable growth of Vienna's tourism sector in the last six years. However, at the same time 2009 was Vienna's 2nd best year by bednights and 3rd best by hotel revenue (Tourism Review 2009: 7). The overall number of visitors dropped by only 5% to 9.5 million compared to an average 8% decrease across Europe. Thus Vienna has managed to maintain its prominent position on the tourism market.

4.3. Marketing Budget and New Advertising Measures

The budget allocated by the Vienna Tourist Board for marketing activities in 2010 amounts to 13.9 million euro (about 60% of the overall budget). From it circa 5 million goes for advertising campaigns, 2.3 million for the production of advertising aids, 2 million for market management, and 0.9 million for media management.

Additionally, one of the countermeasures taken by the Tourist Board to prevent the adverse consequences of the global financial crisis was the economic stimulus package worth of 1.5 million euro. This package was used primarily for advertising purposes. According to the Tourism Review (2009: 14-21), it allowed the Vienna Tourist Board to come up with a set of new marketing solutions:

- to launch a large-scale advertising campaign, first of its kind. Short 25-second commercials with the slogan “Swing into Spring – Vienna” (broadcast 342 times) and “Fall for Vienna” (broadcast 448 times) run on CNN and Euronews and reached more than 147 million European, African and Middle Eastern households in spring and about 155 million households in autumn. Longer versions of both commercials were also screened in 121 Paris movie theatres.
- to introduce “mobile billboards” for Vienna on 130 taxis and 250 double-decker buses in London and 250 taxis in Paris, as well as on some buses and trams in Berlin, Stuttgart, Düsseldorf, Rome, Milan, Barcelona and in a number of Austrian cities;
- to place advertisements about Vienna in 195 million issues of

newspapers in 18 countries;

- to put up mega boards and light boxes with posters in 24 cities in 14 countries;
- to launch an improved and more user friendly version of the B2C website of the Tourist Board;
- to lead 60 online thematic advertising campaigns focused on specific Vienna's highlights, e.g. "Vienna, Wine & Design" or Haydn Year, in 27 countries;
- to print about 200 brochures, leaflets and posters (10 million copies in total) in 18 different languages;
- to host the Conference on Vienna Tourism under the slogan "Everything stays different" which provided a perfect opportunity to present the new Tourism Concept and advertising line to 463 delegates from around the world;
- to make 87 business trips in 32 countries to represent Vienna at trade fairs, specialized events and workshops;
- to host more than 1000 media representatives from 43 countries in 2009 and to support them in their research.

The Vienna Tourist Board stays also up-to-date with the new media means, i.e. Internet and social media marketing. Thus in autumn 2010 it mastered micro-blogging on Twitter after joining Facebook network and creating several fan pages devoted to the City of Vienna in English and German there earlier that summer.

4.4. The “Fab Five”

In order to strengthen the existing brand and to define the pivot points which would be essential for the new marketing campaign, the research carried out in the framework of the Tourism Concept 2015 identified the unique selling points or brand values behind Vienna’s image. Then these “positive preconceptions” attracting annually more than 10 million tourists to Vienna and generating about 3.6 billion euro for the city’s economy were grouped around five central topics or, in other words, five brand modules theme.

The five main brand modules called by the Vienna Tourist Board the “fab five” are:

- Imperial heritage (29.9%)^{*} ;
- Profusion of music and culture (21.4%);
- Savoir vivre (16.3%);
- Functional efficiency (16.3%);
- Balance of urban and green areas (16.1%).

From now on all the activities of the Vienna Tourist Board are to be linked, at least in some way, to these brand modules and/or brand drivers (top attractions behind them).

^{*}The figures in brackets indicate the percentage of vote which each brand module received in the survey and are taken from the Brand Manual 2010 published by the Vienna Tourist Board.

4.4.1. Imperial Heritage

Vienna's imperial past is the most decisive factor in tourists' decision to visit Vienna. The city offers 27 magnificent palaces, more than 150 other residences and a city center designated as a UNESCO World Heritage Site in 2001. This is the mainstay of the Vienna brand. The dominant characteristics which the respondents used to describe this module are *timeless*, *elegant* and *luxurious*. The most important brand drivers here are Schönbrunn Palace (7.2%), the Imperial Palace (5.8%), Ringstrasse (5.3%), the Spanish Riding School (5.1%) and St. Stephen's Cathedral (5.0%). Other popular attractions include the Giant Ferris Wheel, Schönbrunn Park and Zoo, Belvedere Palace and the Danube Tower.

Taking into account the importance of the sights and urban architecture for the choice of a tourist destination, the Vienna Tourist Board strives to position these attractions as "must-sees" linking them with the history and stories behind them. There should be also developed associations with other brand modules, "since the major sights are considerably more important to first-time visitors than to returning guests" (Brand Manual 2010: 9).

4.4.2. Profusion of Music and Culture

Vienna has an undisputed world reputation for music, mainly classical, and culture. Its diverse cultural offerings attract both first-time and return visitors. The city boasts the prominent Vienna Philharmonic, fifty theatres, among them four opera houses and several musical stage theatres, one hundred museums and dozens of galleries. In addition to this, the City of Vienna hosts renowned film, music, drama and dance festivals every year. Event branding and event hosting are among the core marketing strategies employed by the City of Vienna today. Heinz (2007: 237) suggests differentiating between “events which for the most part occur in the off season and are designed to take advantage of underutilized tourist capacities”, e.g. the Opera Ball, and “events which are specially designed for Vienna residents”, e.g. the Life Ball or Rainbow Parade. However, many of the events in the second category, which have previously targeted mainly the local population, have gained today popularity among tourists too, e.g. Silvesterpfad or the Film Festival on the Rathausplatz.

According to the representative of Vienna City Marketing, there are between 2500 and 4500 cultural events (theatre plays, concerts, exhibitions, etc.) taking place in Vienna weekly (Interview with M. Draxler, Vienna 5.7.2010, transcript held by the author). Such an intense competition for audience, their money and leisure time ensures high quality and a rich choice of cultural events on offer. The top five brand drivers named in the category “Profusion of music and culture” are opera (8.8%), museums and exhibitions (8.4%), musicals (4.2%), theatre in general (3.9%), concerts and

music events in general (3.7%). The defining adjectives in this module are *sensuous, thrilling* and *ravishing*

4.4.3. Savoir Vivre

Vienna is world famous for its coffeehouses and “heuriger” (wine taverns). And 16.3% of the respondents to the online survey mentioned the attractiveness of Vienna’s dining and wine culture.

“An important cultural attribute of Vienna”, one of its calling cards or unique selling points is the Viennese coffee house (Heinz 2007: 241). In the article for the Vienna Tourist Board Gabriela Hamböck (2010: 1) defines 800 Viennese coffee houses as an attraction for visitors, a second home for locals and an institution for artists and literati. She notes (ibid. 4) that

“Coffeehouses might have changed, but the reasons for visiting them have remained the same. As Stefan Zweig wrote in *Die Welt von gestern*, the café is still “a democratic club where for this pittance every guest can sit, discuss, write, play cards, receive mail, and above all, consume an unlimited number of newspapers and magazines for hours on end”. The café becomes a home from home where you are alone, and yet in company”.

And although these coffee houses experienced the peak of their popularity in the nineteenth century, and have mostly lost their role of a meeting point or “extended living room” for Viennese urban elite and intellectuals by now, they are successfully marketed today by the City of Vienna as something typically and traditionally Viennese.

Apart from the coffee house, another cultural institution with deep historical roots is a “heurige” or wine tavern which has become an essential

part of Vienna's image. Today these traditional wine taverns have changed a lot, their flavour and menu offerings are not the same as decades ago, however, "the wine taverns and the suburban villages in which they are located are not only the tourist destinations, but most important components of the city's marketing strategies" (Heinz 2007: 246).

All this being said, it is not surprising that coffee houses and heuriger with their long-standing cultural traditions are the two most important brand drivers in the marketing module "savoir vivre", with 13.3% and 10.7% of votes respectively. In the top five there are also Viennese cuisine (9.4%), Viennese wine and wine culture (6.1%) and the Naschmarkt market (5.2%). The last two have proved to be especially popular with the return visitors to Vienna who are already familiar with the city. The distinguishing characteristics here are *tasteful*, *irresistible* and *genuine*.

The brand research has revealed that this brand module provides the highest potential for differentiating Vienna from other cities. "For this reason, all communications of the Vienna Tourist Board should include at least one aspect of this brand module <...> especially for visitors from German-speaking countries" (Brand Manual 2010: 13).

4.4.4. Functional Efficiency

According to the latest Mercer 2010 survey, Vienna has the world's best quality of living. For the second year in a row it has left behind its constant rivals: Zurich, Geneva, Vancouver and Auckland. Therefore, the brand module "Functional efficiency" is traditionally one of Vienna's greatest strengths. This brand value is mostly associated with safety (18.6%) and cleanliness (16.1%). Public transportation (14.9%), short distance/easy layout (12.5%) and friendliness, charm and hospitality (14.6%) were also named among the most important brand drivers in this category. The dominant features are *premium quality*, *safe* and *dependable*. The Vienna Tourist Board does not set this brand module as a top priority. Nonetheless, it is advised to include "Functional efficiency" as a theme in the background, referring to it subtly whenever possible.

Tourism marketing apart, this brand module is of primary importance for the City of Vienna as a living entity. The CEO of the Office for International Strategy and Coordination has noted that the Vienna serves as a benchmark for the Central and Eastern European region when it comes to the public administration, water and waste management, public transportation, social welfare and public health. Over the last few years around 100 delegations from other cities visited Vienna to learn from its experience and know-how (Interview with A. Launer, Vienna, 7.7.2010, manuscript held by the author).

4.4.5. Balance of Urban and Green Areas

The last brand module pointed out by the respondents is the “Balance of urban and green areas in Vienna” which applies “to the availability of nearby recreational areas and to excursion destinations, both in the city itself and in the surrounding areas” (Brand Manual 2010: 17). It is especially valued by the return visitors familiar with Vienna. The five brand associations here are the Danube Island (8.8%), the Danube (8.4%), parks, gardens and green areas (8.25), the Prater (6.8%), and city hiking trails and vineyards (5.3%). The strongest characteristics are *active*, *green*, and *close to nature*.

Although the opportunities for outdoor recreational activities, which Vienna provides, are far less important for the choice of a travel destination than its imperial heritage, this brand module is integrated into other modules strengthening the overall brand equity. The Brand Manual of the Vienna Tourist Board suggests that this fifth module has a potential to be linked with other image attributes, namely hiking in the Vienna Woods can be combined with wining and dining, parks with imperial heritage etc. (Brand Module 2010: 17).

4.5. New Marketing Campaign: “Communication Square”

Vienna is a brand. And a complex brand. Branding Vienna, a diverse contemporary metropolis, can be undoubtedly compared to corporate branding. Therefore, the Vienna Tourist Board was looking for a branding line that would imply a new brand image: on the one hand, uniting a variety of messages and, on the other hand, consistent and quickly recognizable.

As the city’s “performances and activities cannot be compressed into a single statement”, the Vienna Tourist Board decided to develop “a stylistic bracket, a communication model that is readily recognizable and that can stand alone, to which the characteristic, differentiating elements can be added” (Brand Manual 2010: 21). The international bid to create this new communication model was won by the agency Jung von Matt/Donau. What they offered was a so-called “communication square” where “the headlines, sender (the logo) and the Web address are united as the central elements of a word/image brand” (ibid.). The claim behind the new advertising line reads “Vienna: Now or never” to stress that Vienna is not a “once in a lifetime” destination and calls for action - to visit the city right now. This slogan replaced “Vienna waits for you” that was in use up to 2009 when the extensive online survey indicated that people tended to postpone their visit to Austria’s capital and the general marketing strategy was revised.

The imagery around the new claim corresponds to such brand attributes as “sensuous”, “cultivated”, “timeless”, “premium quality”,

“while at the same time portraying Vienna as a modern, cosmopolitan, international, active and flourishing metropolis” (Brand Manual 2010: 25).

The new advertising campaign has also required a new persuasion strategy. A strategy of giving a potential visitor clear evidence of what is available in Vienna at this very moment was chosen as the most appropriate. In each case the new claim is linked to one of the five brand modules and is explicitly articulated by the main slogan “Vienna: Now or never”, for instance: “At this very moment all 17 bells are ringing at St. Stephan’s Cathedral. Can you hear them? Of course, not, you’re not here” (brand module “Imperial heritage”) or “At this very moment a spot in the sun is becoming vacant in one of the world’s largest cultural complexes. Hurry, or someone else will get there first!” (brand module “Profusion of music and culture”).

4.6. Vienna’s Young Scene

Besides Vienna being traditionally admired for its rich history and cultural heritage, the Vienna Tourist Board strives to position the capital of Austria as a vibrant modern urban centre. With the annual Life Ball, Europe’s largest AIDS charity event, whose special guests in different years included Dita von Teese, Pamela Anderson, Katy Perry and other pop culture figures, or the Rainbow Parade (the Vienna Gay Pride Parade) Vienna seeks to impress and please wide-ranging audiences. Thus, as an alternative to the Film Festival on the Rathausplatz with its classical music programme there is Arena’s summer cinema with mainstream and underground movies. In summer Vienna invites to the Summer Stage, Hermann’s Strandbar (beach

bar), Tel Aviv Beach and numerous small bars at the Danube Canal for a beach atmosphere and music.

The Vienna sound today is not only the Vienna Philharmonic but also a thriving electronic music scene with some of Europe's finest DJs and up-and-coming Vienna bands in the clubs along the Gürtel outer ring road.

All this, as well as the Prater amusement park with the famous Giant Ferris Wheel or the annual Donauinselfest (the Danube Island Festival), held for the first time in 1983 and by now Europe's biggest free open air event, are supposed to provide a good range of options for spending one's time in Vienna.

Chapter 5. From Image to Brand: Business Location Vienna

5.1. Product “Business Location Vienna”

The Viennese administration tries to promote Vienna as a perfect business location. The City of Vienna possesses a number of valuable soft and hard factors highlighting its potential in this respect. Thus, a presence of eight state-owned and five private universities is seen as an important soft factor strengthening the link between science and business. Other significant soft factors which may be beneficial for prospective investors and businesses include good environmental conditions (e.g. Vienna ranked 4th in the “European Green City Index 2009” conducted by Siemens), superb quality of life and a high level of security. Business location Vienna is also attractive due to several hard factors, such as qualified staff, funding opportunities, diversified service sector, and favourable taxation policy, including group taxation.

According to the data of Statistics Austria, in 2007 (the last year for which figures are available) Vienna’s GDP per capita amounted to 43000 euro, absolute to 72.3 billion euro, which equalled to nearly 27% of the national GDP. With the highest GDP per capita across the country Vienna is the most important economic centre providing jobs for about a quarter of Austria’s workforce.

Today Vienna and the Greater Vienna Area are among the richest and economically strongest regions in the European Union.

The Vienna Business Agency, which is one of the key actors responsible for the advancement of the business location Vienna brand to the market, positions the city as an attractive business hub between east and west.

As a business location Vienna has convenient geo-political location, low rental prices for offices, attractive taxation, clear focus on research and innovation, efficient public transportation and the international airport which serves as east-west hub for the whole CEE region, and last but not least, the highest quality of life worldwide.

5.2. Prime R&D Location

For the last fifteen years the City of Vienna has been emphasizing the role of science and research in the city development. The extensive promotion of science has been supported with large investments into this field by the Vienna government. The city administration has been explicitly stating its goal of establishing Vienna as a prime research and development (R&D) location since 2000 (Hatz 2008: 316).

Today the City of Vienna sees itself as a centre for innovation and creativity with the focus on IT, biotechnology and life sciences. Other areas which are traditionally strong in Vienna include communications, urban technologies, environmental studies and energy sector. As a result, science is viewed as an essential item of the city's agenda. The city puts particular stress on the cooperation between science, research and business. A good example of such cooperation is a new urban development project "aspern Vienna's Urban Lakeside" launched in 2008. One of the biggest urban

development projects of its kind in Europe, aspern Vienna's Urban Lakeside aims at to create new work places and a harmonious high quality living space setting a benchmark for urban development both in Austria and abroad.

A separate subsidiary of the Vienna Business Agency, the Centre for Innovation and Technology (ZIT), was set up to provide and allocate "grants for a broad spectrum of incentives that encourage innovation and technology, comprising as well investments in infrastructure, start-ups, "research excellence" etc." (Hatz 2008: 316). Thus, for instance, the area of St. Marx in the 3rd district was converted into the media cluster Media Quarter Marx, which aspires to become Central Europe's biggest TV production location, and the Vienna Biocentre, a premiere centre for biotechnology in Austria. Today both centres are to be enlarged and expanded to attract and accommodate more companies. Regular investments in the R&D sector should help secure Vienna's position as a place for knowledge and innovation.

5.3. Position Paper “Vienna 2016”

The future of the product “Business Location Vienna” and its international development was outlined by the city administration in the Position Paper “Vienna 2016” published in 2006. This document provided foreign policy guidelines for the city and examined its main objectives and strategies. Thus the primary regions defined for the period 2007-2011 are

1) Switzerland and the “old” EU member states with a focus on Germany, Italy and the UK. These countries are especially important in terms of tourism and business relations (i.e. foreign direct investment, export markets, expansion to the CEE region). The top five countries investing in Austria are Germany, Switzerland, Italy, the Netherlands and the United States (Interview with Dr. H. Naumann, Vienna, 12.7.2010, transcript held by the author).

2) Central, Eastern and Southeastern Europe (CEE and SEE) with the emphasis on Austria’s immediate neighbours given their geographical and cultural proximity. The countries of Central and Eastern Europe which have recently joined the EU are regarded as target markets of the future. Already now the group of the CEE and SEE regions accounts for about 30% of Vienna’s total exports. These countries show good potential in terms of foreign direct investment; especially it applies to non-EU member states which see Vienna as their gateway to the European Economic Area. Many multinational corporations, e.g. Siemens, Hewlett-Packard, Beiersdorf Co., Henkel, Motorola, JVC or Nokia, just to name a few, have chosen Vienna as their headquarters for the CEE region.

3) Japan and the emerging markets of Southeast Asia (especially China and India);

4) USA (New York, Chicago-Michigan region, San Francisco);

5) Arab Region (Gulf States).

By 2016 Vienna will be an influential metropolis in CEE. The keystone here will be to strengthen the position of Vienna within CENTROPE project.

Project "CENTROPE CAPACITY" was initiated by Austria (the Austrian Federal Provinces of Vienna, Lower Austria and Burgenland), Slovakia (Regions of Bratislava and Trnava), Hungary (Counties of Győr-Moson-Sopron and Vas) and the Czech Republic (Region of South Moravia) in 2003 and is funded under the European Union program "CENTRAL EUROPE". The project aims to establish by 2012 "a multilateral, binding and sustainable framework for the cooperation of local and regional authorities, enterprises and public institutions in the Central European Region".* The "Vision CENTROPE 2015" presented in 2006 formed the basis for intensified cooperation between the partners in the future.

Taking into account the existing social, economic and cultural links, and a common economic space shared by the partner regions, CENTROPE is a promising region for new business opportunities.

* <http://www.centrope.com/en/centrope-project/centrope-reloaded> (19.10.2010).

5.4. Unique Selling Propositions of Business Location Vienna

The key strengths of the City of Vienna as a top business location can be summed up as the following:

- Vienna is a leading European metropolis; it is an important political and economic hub and a competence centre for Central Europe. In 2009 Roland Berger Strategy Consultants rated ten Central and Eastern European capitals with regard to their infrastructure, education, innovation, living standards, internationalism, culture and tourism. Vienna received top marks in most of the criteria areas and became a clear winner of the overall ranking with 89.8 points out of possible 100 (Hot Spots in CEE 2009: 3).

- Vienna is a seat of numerous international institutions and bodies (e.g. UNO, OSCE, OPEC) and a recognized venue for international dialogue. The city is a top association meeting destination with 160 international meetings and conferences organized in 2009 (International Congress and Convention Association (ICCA) city ranking 2009). In the same year the Union of International Associations ranked Vienna 4th (with 311 international congresses) after Singapore, Brussels and Paris (UIA ranking 2009). Conference tourism accounted for 14% of the overall number of overnight stays in Vienna in 2009.

- Vienna is a city with citizen- and business-friendly institutions. Austria is one of the EU leaders in terms of e-government services provided for both entrepreneurs and citizens. Thus, according to the data of the platform Digital Austria, more than 80% of the Austrian enterprises already

use e-government services. Vienna occupies 1st place in the implementation of electronic administration in the country. “Virtuelles Amt”, or “Virtual Office” in English, is Vienna’s e-government system offering 100 administrative procedures performed completely on the Internet and a total of 300 access pages to different online services.

- Vienna has outstanding experience and know-how in the fields of environmental technologies and urban infrastructure, i.e. public transportation, traffic, energy, waste and water management.

Today the capital of Austria offers an efficient and internationally attractive business location, especially for the Central and East European region. The business location Vienna brand is actively promoted by the city administration, the Vienna Economic Chamber and the Vienna Business Agency. However, it still lags behind Vienna’s tourism brand. Nowadays the business location Vienna is rather an image with a future potential to become a brand, by contrast to the well-established tourism destination brand. Nonetheless, its importance should not be underestimated, for in terms of direct impact on the GDP the tourism sector contributes approximately 5%, up to 10% if all the indirect effects of tourism on other economic sectors considered (as measured by Tourism Satellite Account), whereas the main contributor to the GDP of Vienna is business services followed by the retail sector (Interview with Dr. H. Naumann, Vienna, 12.7.2010, transcript held by the author).

Chapter 6. Future of the Vienna Brand

6.1. Tourism Destination Vienna Brand: Challenges

Vienna is seen today as a safe, well-developed and prosperous city rich in history and culture. Consequently, the equity of the tourism destination Vienna brand shows steady growth. At the same time, as any other big metropolis, Vienna does not develop in a vacuum and the global world of today dictates the city its own rules, requiring from it new solutions to stay afloat. The competition between cities for residents, tourists, foreign direct investment and business revenues gets only fiercer. According to the European Cities Visit Survey, Vienna is among top 10 most popular destinations in Europe. However, in 2008 it was behind London, Paris, Rome, Berlin, Madrid, Munich, Barcelona, Dublin and Amsterdam (Interview with M. Penz, Vienna, 14.7.2010, transcript held by the author).

As a result, upcoming future poses a number of serious challenges for the City of Vienna. The ability of the city administration and key actors responsible for the Vienna brand to respond to these challenges efficiently will ensure the city's prosperity and positive development.

The challenges can be external or internal in nature. The former, e.g. the oil crisis in the 1990s or the terrorist attacks of 9/11 and the consequent falls in the number of visitors are hard or even impossible to influence, while the latter are largely under control of the actors in charge of city marketing.

6.1.1. New Life for Traditional Brand Modules

Vienna lives largely from its past. The rich cultural heritage that Vienna offers to its residents and visitors alike has become its calling card long time ago and earned it such names as the “Imperial City” or “World Capital of Music”. However, despite the aesthetic splendour of its urban image, Vienna “cannot differentiate itself very strikingly from other destinations in [imperial heritage] brand module: cities like Rome, Paris and London also have an “imperial heritage” or “royal heritage” (Brand Manual 2010: 9). Even in the sphere of music where the reputation of Vienna is undisputed the competition is extremely strong, “which limits the differentiation potential of [profusion of music and culture] brand module from other cities, unless it is constantly linked to new, top-of-the-line offers in this field” (ibid. 11).

The last quote taken from the Brand Manual published by the Tourist Board summarizes, in a way, the main challenge faced by the Vienna tourism industry today – to bring a fresh approach to traditional brand modules of the Vienna brand in order to fill them with a new life. The City of Vienna aspires to position itself as a contemporary urban centre which is full of surprises whether you a first-time or return visitor there, a city which pulsates and reinvents itself, at the same time preserving its rich history and traditions dating back to centuries ago. This fusion of old and new can strengthen the already existing brand and to enrich the image of Vienna with new art and cultural forms, new architectural and design examples. The Vienna Tourist Board sees its task not in revolutionizing but rather in

evolutionizing the Vienna brand. New innovative solutions of tomorrow should support and reinforce the traditional brand drivers of the product “Vienna”.

However, the question which arises here: to what extent is the Viennese public open and ready to welcome all these changes? Vienna is a generally conservative city, old in hearts and old in minds. Axel Zuschmann, CEO of Ecker & Partner PR agency, estimates that on average it takes five years for a big change to pass through all the stages of administrative system and get accepted (Interview, Vienna, 13.7.2010, transcript held by the author). This makes it sometimes extremely difficult for modern artists to push for their original ideas. At the same time the success of any undertaking with the locals is a first step for an event or initiative to go on a higher level and be advertised to a broader audience.

6.1.2. “Festivalizing” Cultural Heritage

However culturally diverse may become the offer of the City of Vienna, its historical heritage should stay the foundation of the city brand and its main brand driver. It is Vienna’s unique selling proposition and there is no real prospect for this to change in any foreseeable future. The city government, the Vienna Tourist Board and their partners make sure that the brand module “Imperial heritage” is incorporated in any big marketing campaign. The potential threat hidden here is to go to extremes. Heinz (2007: 248) calls the blind and rash theming of the city a “festivalizing” of its urban

culture and traditions dictated by commercial interests on one side and the related demand on the other:

“The city is well on the way to matching the cliché its salespeople have marketed, especially in the Old City and at the most important sites of urban performance such as Imperial Castle and Schönbrunn Chateau. A tendency in the direction of the city becoming a kind of theme park is easy to see”.

Maintaining a reasonable balance between promoting the best that Vienna has to offer and not becoming a caricature on a theme park, where the splendid Viennese architecture serves as a mere decoration for the life stories of Sisi or Mozart in order to generate extra revenues, will get only harder in the money-driven tourism sector.

6.1.3. Focus on Youth

The average visitor to Vienna is a well-to-do, highly educated middle-aged person with an average monthly income of around 3000 euro. The typical guest of the Austrian capital usually travels with a partner and without children. He or she spends about 276 euro in the city daily. In the case of business/congress travellers this figure, on average, goes up to around 420 euro (The Vienna Tourist Board: Economic Significance of Vienna's Tourist Industry 2010: 3). Up to now the “world capital of music” was a particularly popular destination among the well-off and educated tourists interested in the arts and culture and able to afford high quality service and entertainment. This was also a primary target group of the Vienna Tourist Board. However, their focus is bound to change.

The Vienna Tourist Board has taken a decision to retarget its main audience to people aged 20 to 39 years. This task will be arguably a challenge for the Board because the age of its target group abroad has never before been set so low. The city marketers will have to find unconventional ways to diversify their cultural offer and fill the traditional highlights with new life and new events. The new target group will also require more options for inexpensive accommodation, as although the average price for a standard double room in Vienna dropped by approximately 17% in summer 2010; hotels in Vienna on average remain more expensive than in the rest of Europe (International hotel price comparison platform Trivago). The task of making the city or, in other words, the Vienna brand equally appealing to both backpackers and richer, more conservative tourists does not seem an easy one, for the needs and interests of these two broad groups differ greatly. However, the Vienna Tourist Board believes that if the plan for attracting younger customers and keeping at the same time the old ones works out well the Viennese tourism industry will gain a lot from this move.

6.1.4. More Service for Less Price

The tourism market is extremely competitive nowadays. Therefore, to conquer the place in the sun and what is even more difficult to retain it, one has to be fully committed to providing high quality service, whichever category of tourists we consider. The City of Vienna boasts excellent living standards and top services which both residents and visitors can enjoy there. Nevertheless, the demand for higher quality for less money will only rise in

the future. In Western Europe, including Austria, labour is expensive, in contrast to Asia, while the quality of the services provided there are of European standards or even better. Thus the Asian market is expected to be taking over rapidly and with today's possibilities of comparing prices on the Internet with just click of a mouse, the struggle for customers will not get easier. In the case of Vienna it is hard to avoid a notorious problem of opening hours for shops, restaurants and similar businesses relevant for tourism. It has been a political issue for thirty years now and is back on the agenda every two-three years. The Vienna Tourist Board lobbies hard for liberal opening hours in the 1st Viennese district. Markus Penz, head of the Strategic Destination Development Department of the Vienna Tourist Board, believes that

“As long as every shop owner is a mandatory member of the Vienna Chamber of Commerce and the Vienna Chamber of Commerce allows its members not to stay open, there is no legal way for us to work on this issue. There should be an agreement achieved between the Chamber of Commerce and the social partnerships in Austria which are the unions. And if they reach an agreement I'm sure the city government will not be against longer opening hours” (Interview, Vienna, 14.7.2010, transcript held by the author).

6.1.5. Era of Mobile Technology

The twenty-first century is sometimes called the century of technology. Although the tourism industry is usually not the first one to benefit from the latest scientific advances, the new trends reach it too. Thus, Markus Penz expects a rapid increase in the use of mobile devices in the tourism industry in the next few years. Customers will be offered a wide range of mobile

services: from “pay by phone” for entrance tickets to mobile city guided tours.

Certain cities are able to provide such services already today, whereas Vienna falls significantly behind them in this respect. There are even not so many Wi-Fi hotspots in the city compared to, for example, Graz which claims itself to be the 1st free WLAN city in Austria. The City of Vienna will soon have to consider whether it is willing to spend more money on improvement of its high tech infrastructure.

6.1.6. “Point-to-Point” Connections

General conditions of arrival and access to any big city are of primary importance, as it is where one gets the first impression of a place. The accessibility, visitor-friendliness and infrastructure quality of arrival locations and “point-to point” connections can boost up or, on the contrary, reduce the number of tourists. This is absolutely vital for Vienna which heavily depends on foreign tourist market, for its domestic inbound tourism generates only 20% of its total number of guests.

At the present moment (October 2010) Vienna’s key “ports of entry” – two main railway stations and the Vienna International Airport – are under construction. Wien Südbahnhof, Vienna’s largest railway terminal, was closed down in December 2009 to be replaced by a totally new station, Wien Hauptbahnhof, by 2012. Wien Westbahnhof, another major railway terminal in the city, has been undergoing massive construction since September 2008 which is to be completed by autumn 2011. Until then a provisional station was created. The same goes for the

Vienna International Airport Schwechat: according to Master plan 2015 it is being enlarged and expanded. In few years when all these works are completed the city will undoubtedly benefit from the improved arrival situation. However, the decision to run all the works at once is hard to call smart. One of the possible explanations for this to happen is the fact that the railway stations and the airport have different owners and are subject to different jurisdictions.

6.1.7. The City of Vienna's Welcome Policy

The city administration and its partners seek to construct the image of Vienna as a diverse, multicultural and foreigner-friendly place. Position Paper "Vienna 2016" envisages the capital of Austria as "a city that stands out for its exemplary approach to integrating newcomers and migrants by pursuing a targeted immigration policy and intelligent and diversified strategies adjusted to the needs of the different target groups" (Position Paper "Vienna 2016": 12). However, the results of the last elections to the Vienna City Council held on October 10th 2010 show quite the opposite trend: the far-right Freedom Party of Austria (Freiheitliche Partei Österreichs; abbreviated to FPÖ) won 25.77% of the vote, which means 10.94% increase since the elections of 2005. The party enjoys support among many young people under 30 and is notorious for its explicitly xenophobic slogans such as "Zu viel Fremdes tut niemandem gut" ("Too many foreigners does no one good") or "Mehr Mut für unsere Wiener Blut" ("More strength for our Viennese blood"). This latest shift in the political mood gives cause for genuine concern and seriously questions the city policy and measures pursued in this field up to now.

6.2. Business Location Vienna: Challenges

Vienna's economic brand is still much weaker if compared to its touristic brand. What are reasons behind this fact? What are the challenges the business location Vienna faces today or will face in the near future?

6.2.1. Clear Strategy, Clear Messages

Some experts, CEO of Ecker & Partner PR agency Axel Zuschmann being one of them, believe that this is caused by the lack of coherent brand policy and clear focus on brand values in comparison to the tourism destination brand. Vienna is a seat of local enterprises, headquarters and regional branches of Austrian and international companies. The wide variety of actors leads to different expectations and needs on their part. This makes the task of finding one business approach which will suit them all almost impossible. Although, in general, investors and entrepreneurs are informed about the advantages of making business in Vienna, more emphasis should be put on the potential benefits that Vienna offers as a business location. Axel Zuschmann (Interview, Vienna, 13.7.2010, transcript held by the author) admits that he is missing

“clear strategy, clear messages, clear presence in Europe and around the world. Ok, it's a good place to start business, it's a good place to live for your people for 1-3 years, it's a hub for Central and Eastern Europe and these are the benefits. But you aren't focused on these messages and don't put them together. <...> Maybe too many single values and not one big thing.”

6.2.2. More R&D, Less Red Tape

Another expert in the field, Dr. Helmut Naumann, head of the Department of Economic Policy at the Vienna Economic Chamber, sees a number of reasons behind the current situation. One of them is the unrealized potential of R&D projects in the business sphere: “R&D is taking place. But it is not used within economic community <...> to bring strong revenues” (Interview, Vienna, 12.7.2010, transcript held by the author). Despite Vienna’s top position in the CEE region, the Roland Berger city ranking survey concludes that

“Vienna still appears rather weak on research and education, although specific city marketing activities are moving in this direction. The number of business startups relative to the city population is low by CEE standards <...>. The number of patents is also rather small, as is the number of graduates from tertiary education” (Hot Spots in CEE 2009: 43).

The solution is in a broader application of innovative technologies. However, there are many blocking aspects, and, as a consequence, the innovative output does not reach real business remaining largely by itself. This happens due to bureaucracy and red tape. Many entrepreneurs feel insecure about the future and this holds them back from hiring new staff or investing more in the development of their businesses. Today the City of Vienna supports many initiatives aimed at minimizing the gap between the bank sector and firms. Nevertheless, sometimes it is still tricky to get the money one needs (Interview with Dr. H. Naumann, Vienna, 12.7.2010, transcript held by the author).

Administrative obstacles may impede the progress of many firms, for example, in the industrial sector. Dr. Naumann has noted with regret that

not all enterprises get enough visibility. The link between the city administration and business should be strengthened, as the former does not always realize the needs of the latter.

It is especially the service sector which incurs great losses because of the lack of innovative ideas. There is an objective necessity for new activities to boost innovation and creativity there. The policies adopted in the service sector should become a part of the broader economic policy. Emphasizing innovation will help the Viennese economy win in the ever increasing competition with other cities for income and investments and help maintain the high level of welfare, which otherwise will be soon challenged by the global economy.

6.2.3. New Ideas for Business and Scientific Tourism

Tourism sector which is traditionally strong in Vienna can contribute positively to the city's economic development. Today one out of five of the city's guests is a business traveller. And the area of business and scientific tourism has a potential for further growth. Nowadays many cities pursue a strategy of presenting their leading companies and business accomplishments to tourists. Thus, the Biocentre at St. Marx, Vienna's remarkable achievement in biotechnology, can become a part of the city image marketed to tourists. F. Hundertwasser's fanciful architectural style of the incineration plant at Spitellau can provoke interest in Vienna's best practices in waste management technologies.

6.2.4. World Reputation – Regional Player

The interviews conducted for this study reveal that there is no collective agreement about the position of Vienna on the global map among the actors responsible for the city promotion. However, taking into account the complexity of the Vienna brand and the diversity of audiences it targets, it would be perhaps impossible to imagine it otherwise. If the Vienna Tourist Board counts on Vienna benchmarking against main European destinations, e.g. Prague, Berlin, Budapest or Munich, including the big players –London, Paris and Rome, the expectations about the economic brand are somewhat more modest.

The impressive number of international organizations and companies based in Vienna prove the city's role of an important international meeting point. However, this position may be challenged in the future too. The globalized world of today becomes more and more multifaceted. There appear new competitors outside Europe which are ready to rival the Old World, and even a prosperous city has to put effort into keeping its high profile. Thus Vienna has recently lost Abu Dhabi the bid for the headquarters of the International Renewable Energy Agency.

Andreas Launer, CEO of the Office for International Strategy and Coordination, acknowledges that despite Vienna's status of a capital city with the world reputation, it is rather a regional player with the relevant to it potential and ambitions. (Interview, Vienna, 7.7.2010, manuscript held by the author). This is explained by relatively small size of the city itself and of its home market. To secure its leading position in the CEE region in the

upcoming years the Viennese administration and its partners will have to work hard on strengthening the existing brand image and developing further Vienna's links with its immediate neighbours.

6.2.5. Inner City and Waterfront Areas

Another foreseeable setback for attracting new middle-scale and large-scale enterprises to Vienna is the historic preservation regulations and urban planning restrictions concerning the city centre. The city centre of Vienna is a UNESCO World Heritage Site and, therefore, a protected area. The most important brand drivers of the "Imperial heritage" brand module are concentrated here making it crucial for the city marketing.

Prosperous enterprises, as well as big banks and insurance companies manage to operate their headquarters within the city centre limits, while prospective business executives may experience difficulties in finding prestigious central locations for the new offices. Possible office buildings, if they happen to be vacant, are converted into hotels, restaurants and shops. There is a clear tendency to develop the inner city of Vienna into a leisure district or leisure destination for entertainment and savoir vivre. Hatz (2008: 320) notes that:

"Regulations and restrictions related to the protection in the historic buildings in the city centre result in uncertainty, high costs, and delays in restructuring the building fabric to meet the demands of modern enterprises for office space. <...> city functions of the historic city centre are changing and its position as the location of workplaces has weakened over the past decade".

In many urban centres worldwide waterfronts are comparable in competitiveness and attractiveness to city centres. However, the project of reviving and redesigning waterfront areas in Vienna to make them appealing to both city dwellers and guests, alongside the historic centre, still requires a lot of investment and work. The hub of Schwedenplatz, which the Tourist Board's Review (2009: 12) calls a potentially "delightful waterfront", is not an enticing enough place to meet and linger in the city at the moment.

Today the City of Vienna is facing growing global competition. The city marketers will have to come up with new innovative solutions to respond positively to the challenges listed above if they want to increase the brand equity of the product "Business Location Vienna" or at least to keep it at the present level.

Conclusion

City marketing is a widely accepted phenomenon of the contemporary urban development. It has evolved as a logical response to the increased competition between cities for the intellectual elite, residents, tourists, investors, entrepreneurs and the like.

This study aimed to explore the field of city marketing and to identify the strategies which cities pursue to establish their unique inimitable brands. The City of Vienna with its marketing policy was taken as a case study.

The theoretical framework used in this research became a starting point for the analysis. It relies on the understanding of a city as a certain type of product which can be branded and subsequently offered to the market. As a result, the theory of place branding can be also applied to cities.

To be in big demand city, as any commercial product, needs a recognizable brand. This brand, taking into account its complexity and the array of stakeholders it targets, can be compared to a corporate brand. Consequently, city branding adopts many of its marketing techniques from corporate branding.

One of the basic postulates of city marketing is that city brand develops from a strong city image. This image should evoke positive emotions in the city's consumers and be easily recognizable. In most cases it is built around the city's unique characteristics, or unique

selling propositions, e.g. city's physical appearance, urban design, cultural heritage, atmosphere, geo-political location etc. These features are place specific and set city marketing into a particular context there.

A powerful image has a potential to turn gradually into a brand. However, the positive preconceptions about the city existing in the minds of its consumers are not enough to build a strong brand identity. There is a need for a consistent marketing strategy which fills the city's unique selling propositions with meaning and life. This marketing strategy has to be constantly reconsidered and adjusted in order to keep the brand marketable, for city marketing is a dynamic process.

Vienna provides an illustrative example of a city which has adopted a systematic and professional approach to city marketing and city branding. The Viennese administration and its key partners in tourism and business, i.e. the Vienna Tourism Board and the Vienna Economic Chamber, share a common understanding of the necessity for specifically designed marketing activities. At the moment, the City of Vienna operates the largest number of liaison offices in the world. Every year the city administration allocates a considerable budget for the marketing needs. The intensive brand promotion has borne fruits: the brand name "Vienna" is famous and recognizable. Even in the time of the global financial crisis Vienna enjoys the steady increase in tourism revenue. According to the "The City Barometer" studies undertaken by Saffron Consultants in 2008 and 2009, Vienna is the only big city in Europe whose brand is worth exactly the assets it has to

offer. Today we can talk about Vienna as a solid brand with its brand equity, market value and target audience. The given study has explored two main sides of the Vienna brand: tourism destination Vienna and business location Vienna.

When marketed as a top tourism destination the City of Vienna boasts a well-developed marketing strategy. Vienna's rich history, impressive cultural heritage, spectacular architecture and special charm have proved to be highly marketable. The case of Vienna confirms the significant role of culture in today's city branding. Culture becomes a powerful means of positioning the city on the market and is treated as a commodity which can be sold and bought. While some cities have to create or "reinvent" their past artificially, the City of Vienna is in a lucky position to have its distinctive atmosphere, its "genius loci", already in place.

And the City of Vienna has learnt to live and benefit from its past, perhaps more than any other city in the world. The Tourist Board manipulates craftily this past to shape the modern touristic offer and to differentiate Vienna from other competitors in the "Global Village". The extensive marketing survey conducted in 2009 helped the city identify major brand drivers behind the Vienna brand. These brand drivers were then grouped into five modules. However, the survey has also revealed that Vienna's "timelessness" did the city a bad turn making it a "once in a lifetime" destination. Today many people tend to postpone their trip to the Austrian capital until later date. These

findings have forced the Vienna Tourist Board to review its strategy and come up with a new marketing campaign and advertising line to meet the challenge. Nowadays the City of Vienna is confronted with a double task of looking appealing to as many categories of consumers - residents, tourists, entrepreneurs - as possible, while at the same time keeping its message coherent and clear-cut.

This study has confirmed the ability of the Viennese administration, the Tourist Board and their partners to react adequately to the trends and changes in consumption patterns, which is a good sign of professional approach towards city marketing.

Nevertheless, despite the success of the Vienna brand on the tourism market, the progress in promoting Vienna as a premiere business location has been relatively moderate. Although when compared to the cities of a similar size Vienna seems to be a frontrunner, it is still too early to talk about a real brand “Business Location Vienna”. When measured by hard location factors (i.e. wage level, labour supply, production conditions etc.), which are of primary importance for the business elite, Vienna does not rank very high. However, when all the soft factors (i.e. quality of life, attractiveness for tourists, city image, cultural scene etc.) are considered, “Vienna really shines” (Heinz 2007: 233). Therefore, more emphasis should be put on strengthening the brand value of the soft factors in the future. The communication of the city’s business offer to the prospective investors

and entrepreneurs requires more efficient marketing strategies for the current favourable image to develop into a full brand.

The given thesis examined the marketing policy of the City of Vienna. The research findings make it possible to conclude that although certain aspects of the brand promotion tactic employed by the City of Vienna need to be reinforced or revised, overall, the City of Vienna pursues a successful marketing strategy.

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Acknowledgements

Thesis writing is an exciting, yet weary task. It is also a lonely task. Although in my case the last point was true only to a certain extent. That is why I would like to thank several people for sharing with me this burden.

First of all, I would like to thank my parents for creating the best working conditions one could possibly imagine and for always believing in me and supporting my decisions.

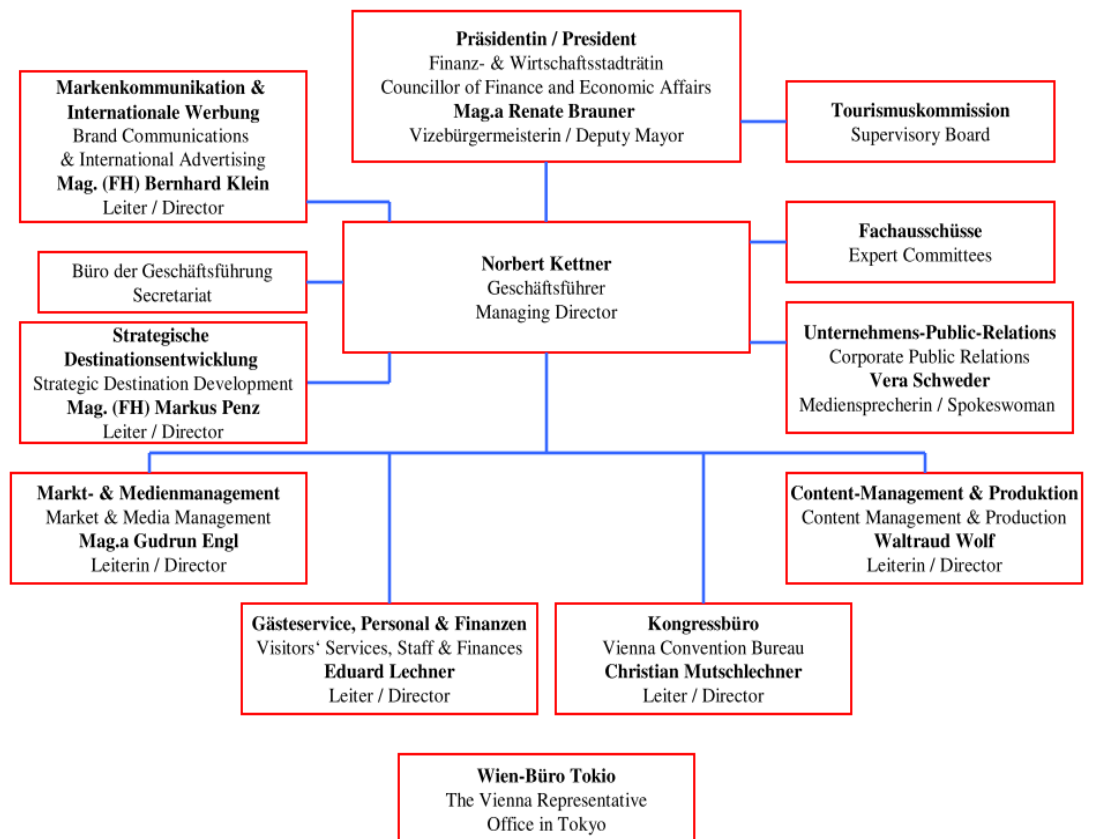
As this thesis brings also an end to my Master course at the University of Leipzig and University of Vienna, I would like to thank warmly the Erasmus Mundus Global Studies cohort 2008-2010, especially Kateryna Gorlenko, for literally being my family during the last two years. Knowing that you are not the only one settling down in a new place, adjusting to an unfamiliar education system and, at the end of this journey, struggling with the thesis and staying up late has always given me courage and confidence.

I would also like to thank my interview partners who found time to take part in this research and provided a deeper insight into their work and city branding in general.

And last but not least, I would like to express my gratitude towards my thesis supervisor, Univ. Doz. Dr. Siegfried Mattl, for his valuable comments on the stage of thesis discussion and for his reassuring patience in the last months.

Appendices

Appendix A. Organizational Chart of the Vienna Tourist Board*



* Retrieved from: <http://b2b.wien.info/media/files-b2b/organisationsstruktur.pdf> (5.7.2010).

Appendix B. Vienna Rankings (October 2010)*

■ **International Conventions: # 1 worldwide**

2009: 160 conventions; # 2: Barcelona (135), # 3: Paris (131)
Source: ICCA (International Congress and Convention Association)

■ **Quality of Living Survey: # 1 worldwide**

Followed by Zurich, Geneva
Source: Mercer, 2010 Quality of Living Survey, London, May 2010

■ **Liveable Cities Index: # 8 worldwide**

Behind Munich, Copenhagen, Zurich, Tokyo, Helsinki, Stockholm and Paris
Source: Monocle – A Briefing on Global Affairs, Business, Culture & Design, London, 7–8/2010

■ **Talent, technology, tolerance: ex aequo with Amsterdam**

Share of the creative class: 42 %
Source: German news magazine „Der Spiegel“, Hamburg, no. 34/2007, 20 August 2007, p. 98

■ **Image: City Brand Index # 9 worldwide**

Behind Paris, Sydney, London, Rome, New York, Barcelona, San Francisco and Los Angeles
Followed by Madrid, Milan, Berlin, Tokyo
Quelle: Anholt-Roper City Brand Index 2009

■ **Cleanest cities: # 2 in Europe**

(research in ten European capital cities)
Behind Riga
Source: IBAL (Irish Business Against Litter), 22 Oct 2007

■ **Personal Safety: # 6 worldwide**

Vienna behind Luxembourg (# 1), Berne, Geneva, Helsinki and Zurich
Source: Mercer, Personal Safety Ranking 2008, London, June 2008

■ **Airport: # 18 in Europe by passenger traffic**

More passengers than Vienna Airport: e.g. 1) London Heathrow, 2) Paris CDG, 3) Frankfurt, 4) Madrid, 5) Amsterdam, 6) Rome, 7) Munich, 8) London Gatwick, 9) Barcelona, 11) Zurich
Fewer passengers than Vienna: e.g. 25) Berlin Tegel, 28) Hamburg, 29) Prague
Source: Airports Council International

* Compiled by the Vienna Tourist Board.

Retrieved from: <http://b2b.wien.info/media/files-b2b/vienna-rankings.pdf> (30.10.2010).

■ **Innovation Power: # 24 of 203 cities and regions in Europe**

Research in 32 countries

Source: European Innovation Scoreboard 2006, Maastricht Economic Research Institute on Innovation and Technology (MERIT) and Joint Research Centre of the European Commission, February 2007

■ **Global City Index: # 6 in Europe, # 18 worldwide**

Behind London, Paris, Brussels, Madrid, Berlin

Economic activity, people and education, culture, information exchange and political commitment of a city

Source: A. T. Kearney and the Chicago Council on Global Affairs and Foreign Policy, December 2008

■ **European Green City Index 2009: # 4 in Europe**

Behind Copenhagen, Stockholm, Oslo

Energy, buildings, transport, water, waste and land use, air quality, environmental governance, CO2

Source: European Green City Index 2009, Economist Intelligence Unit, published by Siemens, December 2009

■ **Foreign bednights: # 7 in Europe (Greater Vienna 2009: 8.3 mn. bednights)**

Behind London (2008: 38.3), Paris (21.7), Rome (13.0), Prague (10.2), Barcelona (9.6) and Dublin (2008: 9.0)

Followed by Amsterdam (7.0), Madrid (7.2), Berlin (7.5), Budapest (4.7), Lisbon (2008: 4.5), Munich (4.4), Brussels (4.3) and Florence (2008: 4.3)

Source: European Cities Marketing Benchmarking Report 2010

■ **Total bednights: # 8 in Europe (Greater Vienna 2009: 10.5 mn. bednights)**

Behind London (45.0), Paris (33.9), Berlin (18.9), Rome (18.7), Madrid (13.7), Barcelona (12.8) and Prague (11.2)

Followed by Dublin (10.1), Munich (9.9), Amsterdam (8.6), Hamburg (8.2), Milan (2008: 7.1), Stockholm (6.3) and Budapest (5.4)

Source: European Cities Marketing Benchmarking Report 2010

Appendix C. Interview Questions

Interview Questions for Vienna City Marketing

1. Could you please describe in a few words the work of Vienna City Marketing and the history behind its foundation? Why was Vienna City Marketing founded as a separate agency?
2. Who is your target audience, your average customer?
3. Do you think that cities can be marketed as products? What are the peculiarities of city marketing?
4. Do you think that Vienna is a brand already? Does the City of Vienna need a brand?
5. In the time of globalization and fiercer competition among cities for tourists, overnight stays, foreign direct investment etc. what are the challenges Vienna City Marketing faces today or will face in the near future?
6. Today one of the prerequisites of a city to succeed is its ability to innovate. How do you assess performance of the City of Vienna and Vienna City Marketing in this respect?
7. What are the main guidelines Vienna City Marketing uses when developing a concept of a new event? Do you seek to incorporate the new advertising line “Vienna: Now or never” and/or ideas of the “Vienna Tourism Concept 2015” into the predominant image of your events? If yes, in which way? If no, why?
8. What image does Vienna City Marketing strive to create for the city? Has it been changed and/or adjusted with time?
9. How do you see a successful event for the City of Vienna? What is the “recipe” of it?
10. The success stories of Vienna City Marketing are well known, e.g. the Film Festival on the Rathausplatz, Wiener Eistraum, Wiener Silvesterpfad. Have you ever had experience of marketing any

events which proved to be less successful than others? If yes, what were the reasons behind it?

11. How much time does it take to prepare a big event?
12. How much does it cost to prepare one of the “big five events” for the city? What is the city’s share in the event budget?
13. How have the event formats been changing throughout time?
14. How much flexibility does Vienna City Marketing have in developing an event concept?
15. How often do you conduct market research to adjust your marketing strategy?
16. Do you follow trends in other big cities across Europe and worldwide: what kind of events they organize, whether they are successful or not?

Interview Questions for the Office for International Strategy and Coordination

1. Could you please describe in a few words the work and main goals/objectives of your Office?
2. How big is the Office for International Strategy and Coordination? How is it financed?
3. Whom do you see as your target audience?
4. What are your target markets in Europe and overseas?
5. Do you conduct market researches to follow global trends?
6. Is the city’s marketing policy defined solely on the basis of decisions coming from internal staff/city administration, or it takes into account the proposals of external consultants and actors too?
7. How has the global financial crises affected your work?
8. How would you define the goals of the International Office for Strategy and Coordination for the upcoming future?
9. What are the challenges for promoting the City of Vienna on the international arena today?

10. What should be the top priorities for successful city marketing on Vienna's agenda?
11. Who are the main competitors for the City of Vienna on the market? Does it compare itself with its immediate neighbours, e.g. Prague, Budapest, or rather big European capitals like London and Paris?

Interview Questions for the Vienna Economic Chamber

1. Could you please describe in a few words the work of the Vienna Economic Chamber and its role in the city marketing and promotion?
2. Who is your target audience?
3. The Chamber is comprised of various types of businesses and enterprises. Where do the majority of them come from? Is it the CEE region or not?
4. What is the role of the soft factors that Vienna possesses for the city's general economic development?
5. Is the Vienna Economic Chamber concerned with the broader issues of city marketing policy advocated by the city administration?
6. What comes to the forefront when we talk about creating a strong city image for business people?
7. Has the economic brand of Vienna ("Business Location Vienna" brand) already evolved? If yes, how strong is it? What can be done to strengthen it further? If not, what are the reasons behind it? What measures are needed for it to appear?
8. In the time of globalization and fiercer competition among cities for tourists, overnight stays, new business, foreign direct investment etc. what are the challenges the Vienna Economic Chamber faces today or will face in the near future?
9. Today one of the prerequisites of a city to succeed is its ability to innovate? How do you assess the performance of the City of Vienna and the Vienna Economic Chamber in this respect?

10. How often do you conduct market research to identify new trends/changes on the market?
11. What are the main arguments you use when trying to attract new businesses, new partners, new customers to Vienna?
12. Does Vienna as a business location compare itself to its immediate neighbours in the CEE region or other big cities in Europe and worldwide?
13. What economic/business fields are particularly strong in Vienna?
14. How would you define today's priorities on the agenda of the City of Vienna?
15. Is the traditional classical image of Vienna compatible with the modern dynamic brand of business location Vienna?

Interview Questions for Ecker & Partner PR Agency

1. Could you tell a few words about Ecker & Partner PR agency?
2. For how long have you been working with the City of Vienna?
3. How many external agencies/partners does the City of Vienna work with?
4. Can cities be marketed as any other products? What are the limitations of such approach?
5. How and why has the understanding of the need for city marketing evolved?
6. Do you agree that city marketing can be compared to corporate branding?
7. Do cities need a brand?
8. Do you think that Vienna is already a brand?
9. How strong is the current brand of the City of Vienna? What should be changed and/or strengthened?
10. If we talk about Vienna when did the city marketing process started? What are the origins of it?
11. Who should be the main target group of the city marketing activities? Residents, tourists, entrepreneurs?

12. In your experience does the City of Vienna consult with external actors when it is developing guidelines and regulations for its marketing policy?
13. How do you assess the success of “Wien ist anders” and “Vienna: Now or never” marketing campaigns?
14. Average tourist coming to Vienna is a middle-aged, well-off person travelling with a partner. How much time will it take to change the existing perception of Vienna as a classical traditional destination to attract other groups of people, e.g. young people, backpackers?
15. Do you see any potential limits in “stretching” the traditional classical image of Vienna in different directions? How to keep the brand identity coherent and clear-cut?
16. Do you think that the image of Vienna which exists in the minds of the local population and tourists is the same/different?
17. Vienna is quite a conservative city. To what extent is it ready to accept changes and new innovative ideas?
18. When we talk about city marketing should the City of Vienna compare itself to such cities as Prague, Budapest or look after Paris and London?
19. The competition between cities will get only fiercer. How do you see the future of Vienna in this respect? Will the city maintain its position on the market?
20. What should be the priorities of city marketing in the upcoming years? Top challenges?
21. Today cities have to be innovative to keep their position on the global market? How good is Vienna at innovating and creating something new, in your opinion?
22. How strong is the brand “business location Vienna” in your opinion? How do you see its development in the future?

Interview Questions for the Vienna Tourist Board

1. Could you please describe the work of your department of the Vienna Tourist Board?
2. Whom do you consider a target group of your work? What are your target markets?
3. Who are your main partners and stakeholders?
4. Do any of your activities target the local population, or you work solely with tourists?
5. What is the difference between marketing a city and a product?
6. Does the city need a brand?
7. Is the City of Vienna already a brand?
8. What are the main prerequisites for the city to be marketed successfully?
9. For how long have the City of Vienna and the Vienna Tourist Board been concerned with the questions of marketing?
10. How much money is allocated for the marketing purposes from the city's budget annually?
11. How much flexibility and freedom (e.g. from the city administration) do you enjoy in your work?
12. If you have to describe Vienna what would be the main image that the Tourist Board strives to create for it?
13. Has this image changed throughout time?
14. Why was it decided to change the main advertising line of the city from "Vienna waits for you" to "Vienna: Now or never"?
15. Could you please tell me more about the competition for a new logo and new advertising line?
16. Today the Vienna Tourist Board strives to change the "timeless" image of Vienna? How easy or difficult is it for such city as Vienna to innovate and push for new ideas?
17. What are the limits of re-branding Vienna, of changing its classical image? How to maintain the balance between classical Vienna and new modern Vienna?

18. What is the potential of the Vienna brand in this respect?
19. The Board intends to shift its focus towards young tourists (20-39 years old). Which measures does it plan in order to attract them?
20. What are the main priorities and goals of the Tourist Board besides “100 and 1 and now” Plan?
21. Could you please tell me more about the five brand modules? Are they equally strong?
22. Does the Tourist Board follow the trends in other cities?
23. Does the City of Vienna benchmark against its neighbours in the CEE region or against bigger players like Paris or London?
24. What are the reasons behind choosing Tokyo, Brussels and Hong Kong for the Board’s representative offices? How closely do you work with them?
25. Is there need for new offices today?
26. What are the biggest challenges the City of Vienna faces today or will face in the near future?
27. What are the priorities on the city’s agenda?
28. Is the ambition of the Tourist Board to improve Vienna’s position on the market or to maintain the current one?
29. What should be strengthened in the current marketing policy of the city?

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